City of San Diego

Bid-to-Goal Program

Third Party Assessment of 2011 Goals
Presentation to the Audit Committee, City of San Diego

September | 2010

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Pervaiz Anwar, Brown and Caldwell

- Director and Senior Consultant, Business Consulting Practice; 2003 – Current

- Business Unit Manager, Western Operations; 1995 – 2003

- Masters in Environmental Engineering, UC Berkeley; Executive Management Coursework, Stanford University

- Author and presenter of over a dozen papers on utility Best Management Practices

- Recently conducted the Organizational Efficiency Study for San Diego Public Utilities Department (Department)

Scope and Evolution of Assessment Effort

- Initial focus: review a select sample of Goals (about 50%)

- Presentation to Department Executives: July 21, 2010

- Expanded Scope: review all remaining Goals

- Final Report Submitted: September 1, 2010

Information Sources

- FY 2011 Goal narratives

- February 2010 Audit Report by City Auditor

- B2G Policy and Procedures Manual

- Department's Mission, Vision, Guiding Principles and Strategic Goals

- Selected Department Executives

Assessment Framework

- B2G Policy Statement

- SMART Measures

- Balanced Scorecard

- *Effective Utility Management (Ten Attributes)*

- Department Guiding Principles

Peer Agencies Interviewed
(Water and Wastewater)

- Seattle Public Utilities, Seattle, WA

- East Bay Municipal Utilities District , Oakland, CA

- Eastern Municipal Water District, Perris, CA

- Charlotte-Mecklenburg Utilities District, Charlotte, NC

Goal "Gating" Considerations

• Relevance

• Challenge Level

• Measurability

• Impact

• Benchmarks

# The Program is Well Conceived and Sustainable

- Bottom-up approach and organization-wide coverage

- Great diversity of Goals – "Balanced Scorecard"

- EUM linkages

- SMART compliant

- Continuous, tangible, improvements

Goal creation, measurement, and renewal process has the rigor most comparable utilities lack.

# Most Goals Are Relevant, Appropriately Structured, and Tangible

- **Group A:** Recommended for inclusion with minor (or no) revisions

- **Group B:** Recommended for inclusions with significant revisions

- **Group C:** Not recommended for inclusion

Pie chart: Group A 70%, Group B 20%, Group C 10%
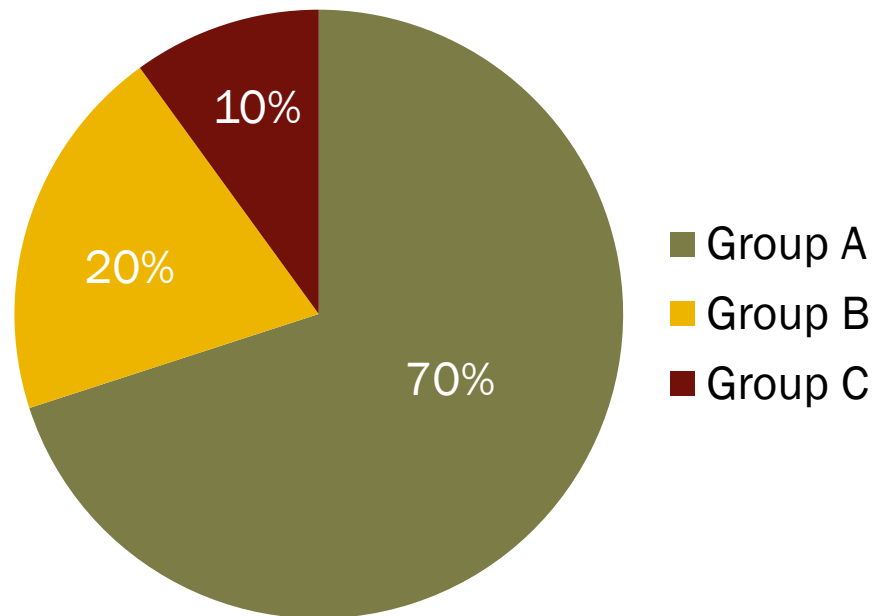
Suggested Improvements Will Further Strengthen the Program

- Clearer differentiation as a Gainsharing Goal

- Justification based on payback (ROI)

- Internal thresholds

- Percentages Vs. absolutes

- Effectiveness Vs. efficiency

Benchmarking is Largely Relevant for Customer Service Levels and KPIs

Highest Relevance

Customer Service Levels

KPIs

Tactics (Goals)

Customer focus

Internal Focus
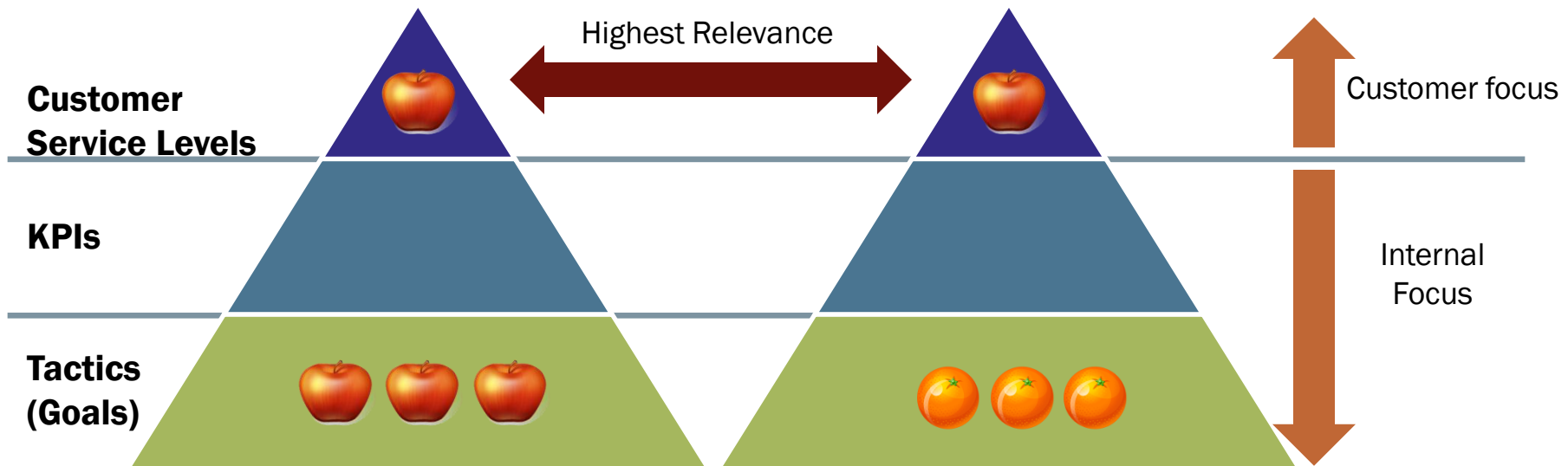
Benchmarking Hierarchy

Recommendations for Future Reviews

- Early engagement of facilitator/reviewer

- Top-down guidance on goal setting framework and criteria

- Clearer identification of Goal measures

- Greater emphasis on outcomes/benefits

Summary Conclusions

- A large majority of Goals (90%) are worthy of Gainsharing Program

- Those that did not make the cut are still valuable and should be pursued

- While the Goal setting and measurement process needs some improvements, it engages diverse staff and encourages a "performance culture"—one of the very best in the industry!

- The future third-party reviews should start early, and be facilitative in nature